

DAILY NEWS

Friday, September 19, 2003

Halliburton's soaring contracts prompt call for investigation

By Kenneth R. Bazinet

WASHINGTON - Halliburton's contracts in Iraq have skyrocketed to \$2 billion, prompting new calls from lawmakers to investigate the propriety of the deals.

Halliburton, formerly run by Vice President Cheney, began work in Iraq with a \$37.5 million no-bid contract in February to put out oil fires. That deal, expanded to include pumping oil, is now worth about \$948 million, according to Halliburton figures provided to the New York Daily News.

But the oil contract alone, awarded by the Army Corps of Engineers to Halliburton subsidiary Kellogg, Brown & Root, is potentially worth up to \$7 billion, the military said.

"It stinks _ that the (oil) contracting was done behind closed doors that circumvents traditional bidding procedures just stinks to high heaven," said Rep. Steve Israel, (D-L.I.), a member of the House Armed Services Committee.

Israel is sponsoring legislation that would make it difficult for private military contractors like the Houston-based Halliburton to win contracts without public scrutiny. Sen. Hillary Clinton, D-N.Y., is backing a similar measure in the Senate.

Halliburton's contracts came under renewed fire this week after it was learned that Cheney, who has insisted he has no financial interest in his former company, has received hundreds of thousands of dollars from Halliburton since taking office.

Rep. Henry Waxman, D-Calif., has requested a General Accounting Office investigation into Halliburton's contracts, a spokeswoman confirmed.

Besides the oil deal, a second set of Halliburton contracts _ awarded by the Army's Field Support Command _ is worth about \$1.2 billion, said Army spokesman Dan Carlson.

Those projects include building, supplying and staffing mess halls, latrines, POW camps, supply lines _ and even supporting Polish forces in Iraq. Bidding on those contracts was open, with three companies making offers before Halliburton won, Carlson said.

Halliburton has similar military contracts throughout the Persian Gulf region, as well as several other hot spots.

Asked about the investigations, Halliburton spokeswoman Wendy Hall said, "We are proud of our many employees who are currently working in the Middle East in support of the U.S. military. These men and women are working hard in the midst of a difficult situation, and are doing a great job."